

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
Location Adjustment Procedures)	DA 19-504

**COMMENTS OF
NORTHEAST IOWA TELEPHONE COMPANY AND
WESTERN IOWA TELEPHONE ASSOCIATION**

Northeast Iowa Telephone Company (“NEIT”) and Western Iowa Telephone Association (“WIATEL”) (NEIT and WIATEL collectively, the “Carriers”), hereby submit these Comments in response to the request for comment issued by the Wireline Competition Bureau of the Federal Communications Commission (“FCC” or “Commission”) regarding “approaches to identify and resolve apparent discrepancies between the number of model-determined funded locations that Alternative-Connect America Model (“A-CAM”) I and II support recipients are expected to serve (funded locations) and the actual number of locations that support recipients can serve (actual locations).”¹ The Carriers appreciate the Commission’s recognition that some recipients of A-CAM I and II support (“A-CAM Support”) may need to modify their deployment obligations if they discover a widely divergent number of locations in their funded census blocks as compared to the number of locations identified in the model. The Carriers urge the Commission to also clarify the eligibility requirements for counting locations.

¹ Public Notice, *Wireline Competition Bureau Issues Corrected Alternative Connect America Model II Offers to 37 Companies, Extends the Election Deadline, and Seeks Comment on Location Adjustment Procedures*, WC Docket No. 10-90, DA 19-504 (rel. Jun. 5, 2019) (“Public Notice”).

I. The Commission Must First Clarify the Eligibility Requirements for All Locations Before the Bureau Can Resolve Discrepancies.

A-CAM recipients cannot be expected to know the difference between the number of funded locations and actual locations when the Commission has been unclear about the eligibility requirements of a location. The Commission’s longstanding policy has been that a carrier need only have the ability to deliver broadband service to a location within ten (10) business days of a request;² however, this policy was seemingly revised in recent staff guidance (“Staff Guidance”) issued by the Universal Service Administrative Company with regard to home-based business locations. Specifically, the Staff Guidance states that “[f]or a carrier to count a business run out of a house or a business run out of a barn, shed or other structure on the property, *there must be separate facilities (drop/line) and separate equipment (e.g., modem) and the business must separately subscribe (get its own bill)* to at least the minimum speed required.”³ In addition to the clearly contrary requirement of subscription when counting home-based businesses, the Staff Guidance also seems to establish a new requirement for counting

² In the Commission’s Public Notice seeking comment on a process for resolving location discrepancies for Connect America Fund Phase II auction support recipients, the Commission made clear that a served location, or one that could be counted, “is a location to which a CAF support recipient commercial offers voice and broadband meeting all public interest requirements specific to the funding type; *a recipient offers such service if it is able to provide it to a customer within 10 business days of the customer’s request.*” Public Notice, *Wireline Competition Bureau Seeks Comment on Procedures to Identify and Resolve Location Discrepancies in Eligible Census Blocks Within Winning Bid Areas*, WC Docket No. 10-90, DA 18-929, n. 31 (rel. Sept. 29, 2018) (emphasis added), referencing Public Notice, *Connect America Fund Phase II Auction Scheduled for July 24, 2018 Notice and Filing Requirements and Other Procedures for Auction 903*, AU Docket No. 17-182, WC Docket No. 10-90, 33 FCC Rcd 1428, 1435, ¶ 14 (2018) and Public Notice, *Wireline Competition Bureau Provides Guidance to Carriers Receiving Connect America Fund Support Regarding Their Broadband Location Reporting Obligations*, 31 FCC Rcd 12900, 12902 (WCB 2016).

³ USAC HUBB Frequently Asked Questions, <https://www.usac.org/hc/faq/default.aspx> (emphasis added).

these locations, specifically that carriers construct separate facilities (drops/lines) and provide separate equipment (e.g., modems), which is duplicative and unnecessarily costly.⁴ Therefore, the Carriers urge the Commission to first address their Petition⁵ seeking clarification that home-based businesses that have registered with a state or other government entity are considered eligible locations and that A-CAM carriers can count these locations toward their deployment obligations so long as they can provide service to them within ten (10) business days.

The Commission's proposal to allow rural carriers to modify their deployment obligations as proposed in the Public Notice does not solve the discrepancy between funded (or model) locations and actual locations because the home-based businesses are actual locations that are known and can be easily documented by registrations with state or other governmental entities. The problem is not that these locations cannot be found;⁶ rather, the problem is that these locations cannot be reasonably counted because the criteria for counting them has changed mid-stream.

⁴ See *Connect America Fund*, Petition for Clarification or Declaratory Ruling on Definition of Location for Home Offices Under the Connect America Fund-Alternative Connect America Cost Model, WC Docket No. 10-90 (May 6, 2019) ("Petition").

⁵ *Id.*

⁶ It seems reasonably clear that home-based businesses were considered locations in the A-CAM modeling process. Although the model inputs were proprietary, and carriers are not able to verify how A-CAM regarded home-based businesses, the model methodology states that "[c]ommon building locations for residences and businesses are recognized and carried through based on a GeoResults national building file. Using the common building identifier allows the process to keep together residential and business records which share a common building." CostQuest Associates, Inc., Connect America Cost Model (A-CAM), Model Methodology, A-CAM version 2.4.0 at 13, § 2.2 (rev. May 1, 2018), <https://docs.fcc.gov/public/attachments/DOC-350679A1.pdf>.

II. Carriers Must Be Able to Resolve Location Discrepancies.

The option to modify deployment obligations when the number of actual locations diverges from the number of model-determined locations is particularly important when the number of model locations simply cannot be found. Even with this option, however, the costs for constructing a network, for rural carriers, largely remain the same even if there is a reduction in the number of locations to be served. The number of locations, which is directly tied to the amount of A-CAM Support available, was critical to rural carriers in making their determination of whether or not to accept the A-CAM offer, such that any change in the number of locations and corresponding reduction in support can be vital to the economic feasibility of building the network and ultimate success or failure of the project. Therefore, for rural carriers it is essential to find the maximum number of eligible locations upon which A-CAM Support was based. A-CAM recipients should not be penalized, by a reduction in funding or otherwise, because the model upon which the A-CAM offer was based overstated the number of locations. The Carriers urge the Commission to consider variations to the proposed modification option so as to minimize the financial impact on an A-CAM recipient that cannot locate a sufficient number of locations consistent with the number of locations in which its A-CAM offer was based.

III. Inconsistent Eligibility Requirements and Discrepancies in Location Numbers is Not Resolved by the Five Percent Deployment Flexibility

The Commission recently issued a Public Notice providing guidance regarding A-CAM final deployment obligations, specifically with regard to applicable penalties applied when a carrier has taken advantage of the 5% deployment flexibility.⁷ As elaborated in the examples in the

⁷ Public Notice, *Wireline Competition Bureau Provides Guidance Regarding Alternative Connect America Model Final Deployment Obligations*, WC Docket No. 10-90, DA 19-650 (rel. July 12, 2019) (“Final Deployment PN”).

Final Deployment PN, the 5% flexibility does not really result in a reduction of 5% of locations that need to be served. For example, if a carrier had 800 fully funded 25/3 Mbps locations and 200 4/1 Mbps capped locations (with 100 locations where 4/1 Mbps was required to be offered and 100 locations where 4/1 Mbps would be required upon reasonable request), a portion of the 800 fully funded locations reduced by 5% would be transferred to 100 of the capped locations where 4/1 Mbps was required to be offered. Instead of an obligation to serve 860 locations (800 fully funded locations less 5%, or 40 fully funded locations, plus 100 of the locations where the capped offering was required), carriers taking advantage of this 5% flexibility would be required to serve 880 locations (800 fully funded locations less 5%, or 40 fully funded locations, plus 100 of the locations where the capped offering was required and an added one half of the number of reduced fully funded locations), which is effectively only a 2% flexibility. This penalty structure highlights more clearly why rural carriers should be afforded every opportunity to count *all* locations, including home-based businesses, under the terms upon which A-CAM Support was accepted. If a carrier cannot “serve” the 40 fully funded locations because the locations are all home-based businesses and none subscribe to service, they will also not be able to serve 20 of the locations that were transferred from the fully funded category to the capped 4/1 Mbps speeds either because those home-based business did not subscribe to any service.

IV. Conclusion

As stated in the Carriers’ Petition, the Carriers urge the Commission to first clarify that home-based businesses that have registered with a state or other governmental entity are considered eligible locations and that A-CAM carriers can count those locations towards their

deployment obligations so long as they can provide service to them within ten (10) business days.⁸ After such clarification is provided, the Carriers support an adjustment process for addressing discrepancies between funded locations and actual locations that does not financially penalize the A-CAM recipient that in good faith relied on the terms of its A-CAM offer.

Respectfully submitted,

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⁸ See Petition at 6.